



DECISION WITH REASONS

In the matter of the complaint against the property assessment as provided by the *Municipal Government Act*, Chapter M-26, Section 460, Revised Statutes of Alberta 2000 (the Act).

between:

1017447 Alberta Ltd.
(as represented by Assessment Advisory Group), COMPLAINANT

and

The City Of Calgary, RESPONDENT

before:

K. Thompson, PRESIDING OFFICER
J. Massey, BOARD MEMBER
A. Wong, BOARD MEMBER

This is a complaint to the Calgary Assessment Review Board in respect of a property assessment prepared by the Assessor of The City of Calgary and entered in the 2014 Assessment Roll as follows:

ROLL NUMBER:	127139806
LOCATION ADDRESS:	11225 30 St SW
FILE NUMBER:	76325
ASSESSMENT:	\$4,840,000

This complaint was heard on July 30, 2014 at the office of the Assessment Review Board located at Floor Number 3, 1212 – 31 Avenue NE, Calgary, Alberta, Boardroom 8.

Appeared on behalf of the Complainant:

- *S. Cobb, Assessment Advisory Group*

Appeared on behalf of the Respondent:

- *J. S. Villeneuve-Cloutier, Assessor, City of Calgary*

Board's Decision in Respect of Procedural or Jurisdictional Matters:

[1] No procedural or jurisdictional issues were brought forward. The Board continued with the merits of the complaint.

Property Description:

[2] The subject property is assessed as a 21,247 square foot (sf) "C+" quality strip shopping centre. It was built in 1981 in the Cedarbrae community of Calgary. There is related account to this property, which is exempt from taxation and not under complaint.

[3] The subject property is assessed using the income method of valuation with a capitalization rate of 6.25% with rental rates of:

- | | |
|-----------------------------------|----------------------------------|
| 1) CRU 0-1,000 sf - 1,579 sf | \$23.00 per square foot (psf) |
| 2) CRU 1,001-2,500 sf – 16,173 sf | \$20.00 psf |
| 3) CRU 2,501-6,000 sf – 3,495 sf | \$18.00 psf – Tax Exempt portion |

Issues:

[4] The subject property value would better reflect the market if the capitalization rate were 6.75% and the rental rates were:

- | | |
|-----------------------------------|----------------------------------|
| 1) CRU 0-1,000 sf- 1,579 sf | \$17.00 psf |
| 2) CRU 1,001-2,500 sf – 16,173 sf | \$18.00 psf |
| 3) CRU 2,501-6,000 sf – 3,495 sf | \$15.00 psf – Tax Exempt portion |

Complainant's Requested Value: \$3,960,000

Board's Decision:

[5] The Board confirms the assessment at \$ \$4,840,000.

Legislative Authority, Requirements and Considerations:

[6] Section 460.1(2) of the Act provides that, subject to Section 460(11), a composite assessment review board has jurisdiction to hear complaints about any matter referred to in Section 460(5) that is shown on an assessment notice for property, other than property described in subsection (1)(a).

Position of the Parties**Complainant's Position:**

[7] The Complainant contends that the subject property's assessment is incorrect with respect to market value and equity, and in particular the subject's assessed capitalization rate of 6.25% is not consistent with other similar properties found near the subject. The Complainant stated that it will show the correct capitalization rate of 6.75% using sale and equity comparables.

[8] The Complainant analysed eight retail properties and determined that properties with similar or superior building quality and location are being assessed with the same or higher capitalization rate as the subject. The Complainant provided a chart and maps, which included the sales and equity comparables [C1, pp. 15-16]. The Complainant stated comparables one through five were sales of similar properties to support the request of a 6.75% capitalization rate. Documentation was provided for the eight comparable properties [C1, pp. 18-68].

[9] Two of the capitalization rates were estimates only and based on this fact, the Complainant revised his capitalization request, at the hearing, from 7.00% to 6.75%.

[10] The Complainant stated that comparables six to eight were for equity, to demonstrate that the subject property was similar to strip centres assessed with lower rental rates [C1, p.15]. This was the basis for the requested rental rate reduction for the three CRU spaces.

Respondent's Position:

[11] The Respondent stated that a mass appraisal approach is required in determining the market value for assessment purposes. This relies on typical rates, in order to treat similar properties in an equitable manner.

[12] In response to the Complainant's five sale comparables the Respondent stated that two of the Complainant's sales were used by the Respondent in its capitalization rate study however the calculated capitalization rate for those two sales differed from the Complainant's third party number. The other three sales provided by the Complainant were either dated or not comparable to the subject property [R1, p. 28].

[13] The Respondent provided its 2014 Commercial Retail Rental for Strip Shopping Centres analysis and the Strip Centre City Wide Capitalization Rate Study with backup assessment information [R1, pp. 30-51]. These studies show support for the Respondent's typical rates used for the subject property.

[14] The Respondent included the subject property's rent roll showing recent actual lease rates for the CRU 0-1,000 sf space with a 2012 lease of \$23.00 psf, CRU 1,001-2,500 sf space

with leases ranging from \$17.00 - \$32.00 psf and the CRU 2,501 – 6,000 sf space leases at \$8.50 psf. The Respondent commented that with the exception of the Exempt space the subject property was obtaining rents that more than supported the Respondent's typical rates.

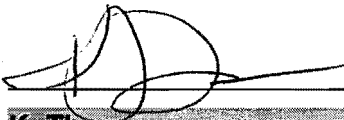
Board's Reasons for Decision:

[15] The Board reviewed the evidence provided by both parties and will limit its comments to the relevant facts pertaining to this case. In particular the Board reviewed the Complainant's sale and equity comparables and found there was little evidence to compel the Board to alter the subject's value. The Complainant's sales provided the Board with third party capitalization rates which the Board could not accept as typical rates, no evidence was provided to show the Board how these rates were calculated. The Board did not consider three of the Complainant's sales as two were dated and one was part of a different group of properties. The Board finds insufficient evidence to alter the capitalization rate applied to this property.

[16] The Board reviewed the Complainant's equity comparables, along with the rental rate study and the subject rent roll provided by the Respondent. The subject property's own leases supported the typical rents applied to this property assessment. The Board did not consider the exempt portion of the property as that was not before the Board.

[17] The assessment is confirmed.

DATED AT THE CITY OF CALGARY THIS 2nd DAY OF September 2014.



K. Thompson

Presiding Officer

APPENDIX "A"**DOCUMENTS PRESENTED AT THE HEARING
AND CONSIDERED BY THE BOARD:**

NO.	ITEM
1. C1	Complainant Disclosure
2. R1	Respondent Disclosure

An appeal may be made to the Court of Queen's Bench on a question of law or jurisdiction with respect to a decision of an assessment review board.

Any of the following may appeal the decision of an assessment review board:

- (a) the complainant;*
- (b) an assessed person, other than the complainant, who is affected by the decision;*
- (c) the municipality, if the decision being appealed relates to property that is within the boundaries of that municipality;*
- (d) the assessor for a municipality referred to in clause (c).*

An application for leave to appeal must be filed with the Court of Queen's Bench within 30 days after the persons notified of the hearing receive the decision, and notice of the application for leave to appeal must be given to

- (a) the assessment review board, and*
- (b) any other persons as the judge directs.*

Property Type	Property Sub-Type	Issue	Sub issue
retail	strip	Income Approach	Cap Rate and rental rate